Rt Hon Nicky Morgan MP
Chair of the Treasury Committee
House of Commons
Committee Office
London
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Sent by email

2 July 2019

Dear Nicky,

I wanted to write to bring our future funding consultation, released today, to the attention of you and your Committee. As a public body set up by Parliament, we understand the need to explain how we expect to fund our work and we want to encourage feedback from those with an interest in what we do. Every year we consult on our plans and budget. This year we used our strategic plan and budget to seek views from our stakeholders on the wider future of our funding and used that feedback to develop proposals – now we are looking to use this opportunity to get views on these proposals, which would be implemented in April 2020.

As your Committee will recall, this will be a time where what we do will change significantly, and the consultation sets out our proposals for how we will fund our work over this period. The deadline for PPI complaints to be made to businesses is 29 August this year, and while there is a lot of hard work to do to bring our work on PPI to a conclusion, the number of complaints that the ombudsman service receives about PPI will begin to fall sharply following that date. PPI has made up a very significant part of our casework for a number of years now, and our service tripled in size in response to PPI. Assuming something on that scale doesn't happen again, we're planning on the basis we'll be a smaller organisation in future. So, in combination with our focus on finding efficiencies and smarter ways of working, we expect the overall cost of our service to fall.
But that is only part of the story. We also expect that we will receive complaints that are increasingly complex and varied, within the context of a caseload that is declining overall. This is something that we have already seen and invested in our ability to respond to, ensuring that we have the expertise to deal with an increasing number of complex complaints across a range of different products. And we are also aware of the need to account for our wider work in helping to share insight and work to spread fairness to prevent complaints from reaching the ombudsman service in the first place.

In this context we have developed proposals to fund our service in the medium term consistent with some broad principles including, among others, being fair, proportionate, transparent, and free to use for consumers. The full consultation is available here and as with all our stakeholders, we would welcome the views of the Committee on our proposals.

Caroline Wayman
chief ombudsman and chief executive